HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

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The Health Insurance Portability and Accountability Act of 1996 (HIPAA), known as the Kassebaum/Kennedy bill, was signed into law on August 21, 1996. HIPPA protects Americans who move from one job to another, who are self-employed, or who have pre-existing medical conditions. HIPAA went into effect for the PEEHIP Hospital Medical Plan and the HMO plans beginning October 1, 1997. HIPAA **does not** apply to the four optional plans administered by Southland National Insurance Corporation.

HIPAA provides for increased health coverage portability for our members with fewer restrictions on pre-existing conditions, certification requirements for prior health coverage, and special enrollment periods. HIPAA provides for other benefits such as guaranteed availability and renewability of health insurance coverage.

HIPAA includes the following:

- requires plans to give credit toward a member's or dependent's pre-existing condition limitations period for prior *creditable coverage*
- defines what can be a *pre-existing condition*
- requires plans, on an individual's request, to certify the period of previous insurance coverage
- limits the period during which pre-existing condition limitations can be imposed
- prohibits the use of pre-existing condition limitations for pregnancies, adopted children and newborns

Credit Must Be Given for Creditable Coverage

Blue Cross Blue Shield of Alabama and the HMO carriers will mail certificates of creditable coverage which provide evidence of prior health coverage. These certificates are mailed to all members when coverage under the Hospital Medical Plan ends. These certificates can be used to demonstrate creditable coverage to the member's new plan or issuer. These certificates are furnished automatically to members and upon request by an individual within 24 months after the coverage ends.

PEEHIP and the HMO plans will accept the certificates of creditable coverage for members enrolling outside of the Open Enrollment period and will reduce their pre-existing condition exclusion period by the length of the total period of prior creditable coverage. If there is a break in coverage longer than 63 days, PEEHIP and the HMO plans are not required to accept the certificate of creditable coverage. Members may send the certificate of creditable service to the PEEHIP office or to Blue Cross Blue Shield of Alabama or the HMO plans. If a member was previously covered by a Blue Cross Blue Shield of Alabama plan, the member can contact Blue Cross Blue Shield of Alabama directly to receive creditable coverage.

Special Enrollment Periods

HIPAA requires group health plans to provide special enrollment periods during which certain individuals who previously declined health coverage are allowed to enroll. A special enrollee is not treated as a late enrollee. The 9-month pre-existing condition

waiting period may be applied to a special enrollee but must be reduced by the special enrollee's creditable coverage. Special enrollment occurs when:

- an individual with other insurance coverage loses that coverage
- a person becomes a dependent through marriage
- a birth of a dependent child
- an adoption or placement of adoption of a child under the age of 18

These individuals are not required to wait until the Open Enrollment period to enroll. This special enrollment period is available to employees and their dependents who meet certain requirements:

1. The employee or dependent must otherwise be eligible for coverage under the terms of their plan.
2. When the PEEHIP coverage was previously declined, the employee or dependent must have been covered under another group health plan or must have had other health insurance coverage.
3. If the other coverage is COBRA continuation of coverage, the special enrollment can only be requested after exhausting COBRA continuation of coverage.
4. If the other coverage is not COBRA continuation of coverage, special enrollment can only be requested after losing eligibility for the other coverage or after cessation of employer contributions for the other coverage. In each case, the employee has **30 days** to request special enrollment.

An individual does not have a special enrollment right if the individual loses the other coverage for the following reasons:

1. as a result of the individual's failure to pay premiums
2. for cause (such as making a fraudulent claim)
3. if other coverage has an increase in premiums or a change in benefits

These examples do not qualify as a loss of coverage under the HIPAA Federal guidelines.

The special enrollment for new dependents can occur if a person has a new dependent by birth, marriage, adoption, or placement for adoption. The election to enroll must be made within **30 days** following the birth, marriage, adoption, or placement for adoption**.**

If the request is not made within 30 days, the special enrollment benefit does not apply. In addition, the coverage effective date must be within 30 days of the loss of coverage.

HIPAA Privacy Notice

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW THIS NOTICE CAREFULLY.

The Public Education Employees' Health Insurance Plan (the "Plan") considers personal information to be confidential. The Plan protects the privacy of that information in accordance with applicable privacy laws, as well as its own privacy policies.

The Plan is required by law to take reasonable steps to ensure the privacy of your health information and to inform you about:

- the Plan's uses and disclosures of your health information
- your privacy rights with respect to your health information
- the Plan's obligations with respect to your health information
- your right to file a complaint with the Plan and to the Secretary of the U.S. Department of Health and Human Services
- the person or office to contact for further information about the Plan's privacy practices

Effective Date of Notice: This notice is effective as of April 14, 2003.

How the Plan Uses and Discloses Health Information

This section of the notice describes uses and disclosures that the Plan may make of your health information for certain purposes without first obtaining your permission as well as instances in which we may request your written permission to use or disclose your health information. The Plan also requires their business associates to protect the privacy of your health information through written agreements.

Uses and disclosures related to payment, health care operations and treatment.

The Plan and its business associates may use your health information without your permission to carry out payment or health care operations. The Plan may also disclose health information to the Plan Sponsor, the State of Alabama for purposes related to payment or health care operations.

Payment includes but is not limited to actions to make coverage determinations and payment (including billing, claims management, subrogation, plan reimbursement, review for medical necessity and appropriateness of care and utilization review and preauthorizations). For example, the Plan may tell an insurer what percentage of a bill will be paid by the Plan.

Health care operations include but are not limited to underwriting, premium rating and other insurance activities relating to creating or renewing insurance contracts, disease management, case management, conducting or arrangement for medical review, legal services and auditing functions, including fraud and abuse programs, business planning and development, business management and general administrative activities. It also includes quality assessment and improvement and reviewing competence or qualifications of health care professionals. For example, the Plan may use medical benefit

claims information to conduct a review of the accuracy of how benefit claims are being paid.

Other uses and disclosures that do not require your written authorization.

The Plan may disclose your health information to persons and entities that provide services to the Plan and assure the Plan they will protect the information or if it:

- Constitutes summary health information and is used only for modifying, amending or terminating a group health plan or obtaining premium bids from health plans providing coverage under the group health plan
- Constitutes de-identified information
- Relates to workers' compensation programs
- Is for judicial and administrative proceedings
- Is about decedents
- Is for law enforcement purposes
- Is for public health activities
- Is for health oversight activities
- Is about victims of abuse, neglect or domestic violence
- Is for cadaveric organ, eye or tissue donation purposes
- Is for certain limited research purposes
- Is to avert a serious threat to health or safety
- Is for specialized government functions
- Is for limited marketing activities

Additional disclosures to others without your written authorization.

The Plan may disclose your health information to a relative, a friend or any other person you identify, provided the information is directly relevant to that person's involvement with your health care or payment for that care. For example, the Plan may confirm whether or not a claim has been received and paid. You have the right to request that this kind of disclosure be limited or stopped by contacting the Plan's Privacy Official.

Uses and Disclosures Requiring Your Written Authorization.

In all situations other than those described above, the Plan will ask for your written authorization before using or disclosing your health information. If you have given the Plan an authorization, you may revoke it at any time, if the Plan has not already acted on it. If you have questions regarding authorizations, contact the Plan's Privacy Official.

Your Privacy Rights

This section of the notice describes your rights with respect to your health information and a brief description of how you may exercise these rights. To exercise your rights, you must contact the Plan's Privacy Official at 334-241-0635 option 2 or 1-800-214-2158 ext 635 option 2.

Restrict Uses and Disclosures. You have the right to request that the Plan restricts uses and disclosure of your health information for activities related to payment, health care operations and treatment. The Plan will consider, but may not agree to, such requests.

Alternative Communication. The Plan will accommodate reasonable requests to communicate with you at a certain location or in a certain way. For example, if you are covered as an adult dependent, you may want the Plan to send health information to a different address than that of the Employee.

Copy of Health Information. You have a right to obtain a copy of health information that is contained in a "designated record set" – records used in making enrollment, payment, claims adjudication, and other decisions. The Plan may provide you with a summary of the health information if you agree in advance to the summary. You may also be asked to pay a fee of $1.00 per page based on the Plan's copying, mailing, and other preparation costs.

Amend Health Information. You have the right to request an amendment to health information that is in a "designated record set." The Plan may deny your request to amend your health information if the Plan did not create the health information, if the information is not part of the Plan's records, if the information was not available for inspection or the information is accurate and complete.

List of Certain Disclosures. You have the right to receive a list of certain disclosures of your health information. The Plan or its business associates will provide you with one free accounting each year. For subsequent requests, you may be charged a reasonable fee.

Right to A Copy of Privacy Notice. You have the right to receive a paper copy of this notice upon request, even if you agreed to receive the notice electronically.

Complaints. You may complain to the Plan or the Secretary of HHS if you believe your privacy rights have been violated. You will not be penalized for filing a complaint.

The Plan's Responsibilities

The Plan is required by a federal law to keep your health information private, to give you notice of the Plan's legal duties and privacy practices, and to follow the terms of the notice currently in effect.

This Notice is Subject to Change

The terms of this notice and the Plan's privacy policies may be changed at any time. If changes are made, the new terms and policies will then apply to all health information maintained by the Plan. If any material changes are made, the Plan will distribute a new notice to participants and beneficiaries.

Your Questions and Comments

If you have questions regarding this notice, please contact the Plan's Privacy Official at 334-832-4140, ext. 464 or 1-800-214-2158 ext. 464.